

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN SENATE APRIL 6, 2016

SENATE BILL

No. 1192

Introduced by Senator Hill

(Principal coauthors: Assembly Members Medina and Salas)

February 18, 2016

An act to amend Sections 94809, ~~94848~~, 94874, 94874.2, 94874.5, 94874.7, 94874.8, 94878, ~~94879~~, 94880, 94885, 94885.1, 94885.5, ~~94899~~, 94905, 94909, 94923, 94932, 94936, 94937, and 94944 of, to amend the heading of Article 14 (commencing with Section 94923) of Chapter 8 of Part 59 of Division 10 of Title 3 of, to add Sections 94922.5, 94923.5, and 94935.5 94801.5 and 94934.5 to, to add Chapter 8.1 (commencing with Section 94952) to Part 59 of Division 10 of Title 3 of, and to add and repeal Article 20.5 (commencing with Section 94949.5) and Article 20.6 (commencing with Section 94949.7) to Chapter 8 of Part 59 of Division 10 of Title 3 of, and to repeal Section 94879 of, the Education Code, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1192, as amended, Hill. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met. Existing law repeals the act on January 1, 2017.

This bill would recast and revise various provisions of the act. ~~The bill would authorize bureau staff who, during an inspection of an institution, detect a violation of the act, or regulations adopted pursuant to the act, to issue the institution a citation before leaving the institution, as specified. The bill would require the Director of Consumer Affairs to appoint an enforcement monitor, no later than March 1, 2017, to, among other duties, monitor and evaluate the bureau's enforcement of the act and submit written reports to the department and the Legislature on his or her findings and conclusions, as specified. The bill would increase the amount of a fine that may be issued to a person for operating an institution without proper approval to operate from \$50,000 to \$100,000. The bill would, to the extent authorized by federal law, require a private postsecondary institution that does not maintain a physical presence in California and offers distance education to California students to register with the bureau and file a surety bond, as specified.~~ *comply with specified requirements, including register with the bureau. The bill would require an institution with approval to operate that knows or reasonably should know that it is being investigated, is the subject of a judgment, a regulatory action, or increased oversight or monitoring by, or is the subject of a settlement with, an oversight entity other than the bureau to report it to the bureau, as specified.*

This bill would establish an Office of Student Assistance and Relief within the department to advance and promote the rights of private postsecondary educational institution students, as specified.

This bill would appropriate the sum of \$1,300,000 from the Student Tuition Recovery Fund to the office for providing grants to eligible nonprofit community service organizations to assist eligible students affected by the closure of Corinthian Colleges, Inc., as defined, with loan discharge and other student loan-related requests and tuition recovery-related claims, as specified. The bill would require the office to solicit grant applications from eligible nonprofit community service organizations and select one or more of these organizations deemed to be qualified. The bill would require the grantee to submit specified information to the office on a quarterly basis and would require the office to make these reports available to the Legislature and the department upon request. The bill would require the office to provide the Legislature and the department a final report summarizing all the information submitted to it by grantees, promptly following the time when all funds are expended by the grantees, or by January 1, 2020, whichever is earlier.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would make a California student of a Corinthian Colleges, Inc., institution, who meets all of the other eligibility requirements, eligible for recovery from the fund. To the extent that the bill expands the purposes of the fund, the bill would make an appropriation. ~~The bill would establish the Office of Student Assistance and Relief, which would, among other duties, administer the fund, serve as a point of contact to address the needs of private postsecondary students, establish an Internet Web site that contains specified information for the benefit of these students, and work, in consultation with specified state and federal agencies, to determine the extent of resources available for these students and what actions state agencies need to take to ensure the protection of the public from the closure of private postsecondary educational institutions.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 94801.5 is added to the Education Code,
2 to read:
3 94801.5. (a) Effective July 1, 2017, a private entity with no
4 physical presence in this state that provides postsecondary
5 education to California students for an institutional charge shall
6 comply with all of the following:
7 (1) The institution shall register with the bureau and provide
8 information required by the bureau. The bureau shall adopt, by
9 regulation, a process and procedure whereby the institution may
10 apply for and obtain registration.
11 (2) The institution shall be accredited.
12 (3) The institution shall be approved to operate in the state
13 where the institution is incorporated.
14 (4) The institution shall comply with the requirements of the
15 Student Tuition Recovery Fund, established in Article 14
16 (commencing with Section 94923), for its California students.

1 (5) *The institution shall provide a disclosure, approved by the*
2 *bureau, to its California students on their rights and obligations*
3 *under the Student Tuition Recovery Fund.*

4 (b) *This section does not apply to nonpublic higher education*
5 *institutions that grant undergraduate degrees, graduate degrees,*
6 *or both, and that are formed as nonprofit corporations and are*
7 *accredited by an agency recognized by the United States*
8 *Department of Education.*

9 (c) *An institution described in subdivision (a) that fails to comply*
10 *with this section is not authorized to operate in this state.*

11 (d) *The bureau shall adopt emergency regulations for purposes*
12 *of implementing this section. The adoption of these regulations*
13 *shall be deemed to be an emergency and necessary for the*
14 *immediate preservation of the public peace, health and safety, or*
15 *general welfare for purposes of Sections 11346.1 and 11349.6 of*
16 *the Government Code. These emergency regulations shall become*
17 *law through the regular rulemaking process by January 1, 2018.*

18 **SECTION 1.**

19 SEC. 2. Section 94809 of the Education Code is amended to
20 read:

21 94809. (a) An institution that had an application for an
22 approval to operate pending with the former Bureau for Private
23 Postsecondary and Vocational Education on June 30, 2007, may
24 continue to operate until a decision is made in regard to the
25 institution regarding the application for approval to operate, but
26 shall comply with, and is subject to, this chapter.

27 (b) An institution that did not have a valid approval to operate
28 issued by, and did not have an application for approval to operate
29 pending with, the former Bureau for Private Postsecondary and
30 Vocational Education on June 30, 2007, that began operations
31 between July 1, 2007, and January 1, 2010, *and filed an application*
32 *to operate by August 2, 2010*, may continue to operate unless a
33 denial of approval to operate has been issued and has become final,
34 but shall comply with, and is subject to, this chapter.

35 (c) Students seeking to enroll in institutions operating under
36 subdivisions (a) and (b) shall be notified by the institution, in
37 writing and prior to executing an enrollment agreement, that the
38 institution's application for approval to operate has not been
39 reviewed by the bureau.

1 (d) (1) An institution that is denied an approval to operate
2 pursuant to subdivision (a) or (b) may file an appeal pursuant to
3 the procedures established in Section 94888.

4 (2) An institution that has filed an appeal pursuant to paragraph
5 (1) may continue to operate during the appeal process but must
6 disclose in a written statement approved by the bureau, to all
7 current and prospective students, that the institution's application
8 for approval to operate was denied by the bureau because the
9 bureau determined the application did not satisfy the requirements
10 to operate in California, that the institution is appealing the
11 bureau's decision, and that the loss of the appeal may result in the
12 institution's closure.

13 (3) If the bureau determines that the continued operation of an
14 institution poses a significant risk of harm to students, the bureau
15 shall make an emergency decision pursuant to Section 94938.

16 ~~SEC. 2. Section 94848 of the Education Code is amended to~~
17 ~~read:~~

18 ~~94848. "Licensure" includes any license, certificate, permit,~~
19 ~~or similar credential that a person must hold to lawfully engage in~~
20 ~~a profession, occupation, trade, or career field. "Licensure" shall~~
21 ~~also include required certification or registration that a person must~~
22 ~~hold to lawfully engage in a profession, occupation, trade, or career~~
23 ~~field.~~

24 ~~SEC. 3. Section 94874 of the Education Code is amended to~~
25 ~~read:~~

26 ~~94874. Except as provided in Section 94874.2, Sections 94874.2~~
27 ~~and 94874.7, the following are exempt from this chapter:~~

28 (a) An institution that offers solely avocational or recreational
29 educational programs.

30 (b) (1) An institution offering educational programs sponsored
31 by a bona fide trade, business, professional, or fraternal
32 organization, solely for that organization's membership.

33 (2) (A) Except as provided in subparagraph (B), a bona fide
34 organization, association, or council that offers preapprenticeship
35 training programs, on behalf of one or more Division of
36 Apprenticeship Standards-approved labor-management
37 apprenticeship programs that satisfies one of the following
38 conditions:

1 (i) It is not on the Eligible Training Provider List established
2 and maintained by the California Workforce Investment Board
3 but has met the requirements for placement on the list.

4 (ii) It is on the Eligible Training Provider List established and
5 maintained by the California Workforce Investment Board and
6 meets the requirements for continued listing.

7 (B) If an organization, association, or council has been removed
8 from the Eligible Training Provider List established and maintained
9 by the California Workforce Investment Board for failure to meet
10 performance standards, it is not exempt until it meets all applicable
11 performance standards.

12 (c) A postsecondary educational institution established, operated,
13 and governed by the federal government or by this state or its
14 political subdivisions.

15 (d) An institution offering either of the following:

16 (1) Test preparation for examinations required for admission to
17 a postsecondary educational institution.

18 (2) Continuing education or license examination preparation,
19 if the institution or the program is approved, certified, or sponsored
20 by any of the following:

21 (A) A government agency, other than the bureau, that licenses
22 persons in a particular profession, occupation, trade, or career field.

23 (B) A state-recognized professional licensing body, such as the
24 State Bar of California, that licenses persons in a particular
25 profession, occupation, trade, or career field.

26 (C) A bona fide trade, business, or professional organization.

27 (e) (1) An institution owned, controlled, and operated and
28 maintained by a religious organization lawfully operating as a
29 nonprofit religious corporation pursuant to Part 4 (commencing
30 with Section 9110) of Division 2 of Title 1 of the Corporations
31 Code, that meets all of the following requirements:

32 (A) The instruction is limited to the principles of that religious
33 organization, or to courses offered pursuant to Section 2789 of
34 Business and Professions Code.

35 (B) The diploma or degree is limited to evidence of completion
36 of that education.

37 (2) An institution operating under this subdivision shall offer
38 degrees and diplomas only in the beliefs and practices of the
39 church, religious denomination, or religious organization.

1 (3) An institution operating under this subdivision shall not
2 award degrees in any area of physical science.

3 (4) Any degree or diploma granted under this subdivision shall
4 contain on its face, in the written description of the title of the
5 degree being conferred, a reference to the theological or religious
6 aspect of the degree's subject area.

7 (5) A degree awarded under this subdivision shall reflect the
8 nature of the degree title, such as "associate of religious studies,"
9 "bachelor of religious studies," "master of divinity," or "doctor of
10 divinity."

11 (f) An institution that does not award degrees and that solely
12 provides educational programs for total charges of two thousand
13 five hundred dollars (\$2,500) or less when no part of the total
14 charges is paid from state or federal student financial aid programs.
15 The bureau may adjust this cost threshold based upon the California
16 Consumer Price Index and post notification of the adjusted cost
17 threshold on its Internet Web site, as the bureau determines,
18 through the promulgation of regulations, that the adjustment is
19 consistent with the intent of this chapter.

20 (g) A law school that is accredited by the Council of the Section
21 of Legal Education and Admissions to the Bar of the American
22 Bar Association or a law school or law study program that is
23 subject to the approval, regulation, and oversight of the Committee
24 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
25 Business and Professions Code.

26 (h) A nonprofit public benefit corporation that satisfies all of
27 the following criteria:

28 (1) Is qualified under Section 501(c)(3) of the United States
29 Internal Revenue Code.

30 (2) Is organized specifically to provide workforce development
31 or rehabilitation services.

32 (3) Is accredited by an accrediting organization for workforce
33 development or rehabilitation services recognized by the
34 Department of Rehabilitation.

35 (i) An institution that is accredited by the Accrediting
36 Commission for Senior Colleges and Universities, Western
37 Association of Schools and Colleges, or the Accrediting
38 Commission for Community and Junior Colleges, Western
39 Association of Schools and Colleges.

40 ~~(j) An institution that satisfies all of the following criteria:~~

1 ~~(1) The institution has been accredited, for at least 10 years, by~~
2 ~~an accrediting agency that is recognized by the United States~~
3 ~~Department of Education.~~

4 ~~(2) The institution has operated continuously in this state for at~~
5 ~~least 25 years.~~

6 ~~(3) During its existence, the institution has not filed for~~
7 ~~bankruptcy protection pursuant to Title 11 of the United States~~
8 ~~Code.~~

9 ~~(4) The institution's cohort default rate on guaranteed student~~
10 ~~loans does not exceed 10 percent for the most recent three years,~~
11 ~~as published by the United States Department of Education.~~

12 ~~(5) The institution maintains a composite score of 1.5 or greater~~
13 ~~on its equity, primary reserve, and net income ratios, as provided~~
14 ~~under Section 668.172 of Title 34 of the Code of Federal~~
15 ~~Regulations.~~

16 ~~(6) The institution provides a pro rata refund of unearned~~
17 ~~institutional charges to students who complete 75 percent or less~~
18 ~~of the period of attendance.~~

19 ~~(7) The institution provides to all students the right to cancel~~
20 ~~the enrollment agreement and obtain a refund of charges paid~~
21 ~~through attendance at the second class session, or the 14th day~~
22 ~~after enrollment, whichever is later.~~

23 ~~(8) The institution submits to the bureau copies of its most recent~~
24 ~~IRS Form 990, the institution's Integrated Postsecondary Education~~
25 ~~Data System Report of the United States Department of Education,~~
26 ~~and its accumulated default rate.~~

27 ~~(9) The institution is incorporated and lawfully operates as a~~
28 ~~nonprofit public benefit corporation pursuant to Part 2~~
29 ~~(commencing with Section 5110) of Division 2 of Title 1 of the~~
30 ~~Corporations Code and is not managed or administered by an entity~~
31 ~~for profit.~~

32 ~~(k)~~

33 ~~(j) Flight instruction providers or programs that provide flight~~
34 ~~instruction pursuant to Federal Aviation Administration regulations~~
35 ~~and meet both of the following criteria:~~

36 ~~(1) The flight instruction provider or program does not require~~
37 ~~students to enter into written or oral contracts of indebtedness.~~

38 ~~(2) The flight instruction provider or program does not require~~
39 ~~or accept prepayment of instruction-related costs in excess of two~~
40 ~~thousand five hundred dollars (\$2,500).~~

~~SEC. 3.~~

SEC. 4. Section 94874.2 of the Education Code is amended to read:

94874.2. Beginning January 1, 2016, an institution that is approved to participate in veterans' financial aid programs pursuant to Section 21.4253 of Title 38 of the Code of Federal Regulations that is not an independent institution of higher education, as defined in subdivision (b) of Section 66010, shall not be exempt from this chapter.

SEC. 5. *Section 94874.5 of the Education Code is amended to read:*

~~94874.5. Notwithstanding Sections 94874 and 94874.1, an~~ An institution that is otherwise exempt from this chapter shall comply with the requirements of Section 94927.5.

SEC. 6. *Section 94874.7 of the Education Code is amended to read:*

94874.7. The bureau shall establish, by regulation, a process pursuant to which an institution that is exempt from this chapter may request, and obtain, from the bureau verification that the institution is exempt. *The verification shall be valid for a period of up to two years, as long as the institution maintains full compliance with the requirements of the exemption.* The bureau shall establish a reasonable fee to reimburse the bureau's costs associated with the implementation of this section.

SEC. 7. *Section 94874.8 of the Education Code is amended to read:*

94874.8. (a) An institution exempt from all or part of this chapter pursuant to subdivision (i) ~~or (j)~~ of Section 94874 or Section 94874.1 may apply to the bureau for an approval to operate pursuant to this section, but only subject to all of the following provisions:

(1) The bureau may approve the operation of an institution that is exempt from all or part of this chapter as specified above in accordance with the authority granted pursuant to Article 6 (commencing with Section 94885). Upon issuing an approval to operate to an institution pursuant to this section, the bureau is authorized to regulate that institution through the full set of powers granted, and duties imposed, by this chapter, as those powers and duties would apply to an institution that is not exempt from this chapter.

1 (2) Notwithstanding any other law, upon issuance of an approval
2 to operate pursuant to this section, the institution is no longer
3 eligible for exemption, from the provisions of this chapter pursuant
4 to subdivision (i) ~~or (j)~~ of Section 94874 or Section 94874.1, unless
5 authorized by subsequent legislation.

6 (3) Upon issuance of an approval to operate pursuant to this
7 section, an institution is subject to all provisions of this chapter,
8 and any regulations adopted pursuant to this chapter, that apply to
9 an institution subject to this chapter, except as expressly provided
10 in paragraph (4).

11 (4) (A) With respect to the placement and salary or wage data
12 required to be collected, calculated, and reported by Article 16
13 (commencing with Section 94928), an institution issued an
14 approval to operate pursuant to this section is not required to report
15 on its first School Performance Fact Sheet any data from the period
16 prior to the date of the issuance of the approval to operate that the
17 institution was not required to collect and does not have available
18 to it. An institution shall, however, report available data collected
19 and calculated in accordance with this chapter and applicable
20 regulations, regardless of the purpose for which the data was
21 collected. If the required data is unavailable, the institution shall
22 also disclose the unavailability of the data on all documents
23 required by this chapter and regulations adopted pursuant to this
24 chapter. Upon receiving an approval to operate pursuant to this
25 section, an institution shall commence to collect and calculate all
26 information necessary to comply with Article 16 (commencing
27 with Section 94928).

28 (B) An institution receiving an approval to operate pursuant to
29 this section shall provide to prospective students the School
30 Performance Fact Sheet, file that fact sheet with the bureau, and
31 post it on the institution's Internet Web site no later than the first
32 August 1 after the institution is approved to operate and no later
33 than August 1 of each year thereafter. These School Performance
34 Fact Sheets shall report data for the previous two calendar years
35 based upon the number of students who began the program or the
36 number of graduates for each reported calendar year. If two
37 calendar years have not passed since the issuance of the approval
38 to operate by the August 1 deadline for the School Performance
39 Fact Sheet, unless data for two years is available, the institution

1 shall report the required data for the period subsequent to the date
2 of the issuance of the notice of approval.

3 (b) An institution exempt from all or part of this chapter pursuant
4 to subdivision (i)-~~or (j)~~ of Section 94874 or Section 94874.1 that
5 was approved to operate by the bureau before the effective date
6 of this section shall be deemed to have been approved pursuant to
7 this section.

8 ~~SEC. 4.~~

9 *SEC. 8.* Section 94878 of the Education Code is amended to
10 read:

11 94878. (a) The bureau shall establish an Internet Web site that
12 includes at least all of the following information:

13 (1) An explanation of the bureau's scope of authority.

14 (2) (A) A directory of approved institutions, and a link, if
15 feasible, to the Internet Web site of each institution.

16 (B) For each institution, the directory shall be developed in a
17 manner that allows the user to search by institution and shall
18 include all of the following information:

19 (i) The status of the institution's approval to operate.

20 (ii) The information provided by the institutions, including, but
21 not limited to, the annual report, as required by Section 94934,
22 including the school catalog and the School Performance Fact
23 Sheet. The School Performance Fact Sheet shall be maintained on
24 the directory for at least five years after the date of its submission
25 to the bureau.

26 (iii) If a law school satisfies the requirements of this chapter
27 regarding a School Performance Fact Sheet by complying with
28 the requirements of Section 94910.5, the bureau shall include the
29 information provided by the institution pursuant to Section 94910.5
30 on its Internet Web site and shall maintain the information in the
31 same manner as required by clause (ii).

32 (iv) The disciplinary history of the institution, which shall
33 include, but shall not be limited to, all of the following:

34 (I) Pending formal accusations filed by the bureau.

35 (II) Suspensions, revocations, citations, fines, infractions,
36 probations, pending litigation filed by the bureau, and final
37 judgments resulting from litigation filed by the bureau.

38 (III) Pending or final civil or criminal cases filed by the Attorney
39 General, a city attorney, or a district attorney in this state, or filed

1 in any state by an attorney general or a federal regulatory or
2 prosecutorial agency of which the bureau has received notice.

3 (IV) Final administrative actions by the United States
4 Department of Education, including orders requiring restitution to
5 students.

6 (V) All disciplinary actions ordered by an accreditation agency,
7 including any order to show cause, of which the bureau has
8 received notice pursuant to Section 94934 or other information
9 otherwise publicly available of which the bureau has received
10 notice.

11 (b) The bureau shall maintain the Internet Web site described
12 in subdivision (a). The bureau shall ensure that the information
13 specified in subdivision (a) is kept current. The bureau shall update
14 the Internet Web site at least annually, to coincide with the
15 submission of annual reports by the institutions pursuant to Section
16 94934.

17 (c) (1) The bureau shall post on its Internet Web site a list of
18 all institutions that were denied approval to operate, after the denial
19 is final, and describe in clear and conspicuous language the reason
20 the institution was denied approval. The bureau shall include with
21 this list the statement provided in paragraph (2) on its Internet Web
22 site.

23 (2) “The following institutions were denied approval to operate
24 by the Bureau for Private Postsecondary Education for failing to
25 satisfy the standards relating to educational quality, or consumer
26 protection, or both. These unlicensed institutions are not operating
27 in compliance with the law, and students are strongly discouraged
28 from attending these institutions.”

29 ~~SEC. 5. Section 94879 of the Education Code is amended to~~
30 ~~read:~~

31 ~~94879. The bureau shall conduct an outreach program to~~
32 ~~secondary school students as well as prospective and current private~~
33 ~~postsecondary students, to provide them with information on how~~
34 ~~to best select a private postsecondary institution, how to enter into~~
35 ~~enrollment agreements, how to make informed decisions in the~~
36 ~~private postsecondary education marketplace, and how to contact~~
37 ~~the bureau for assistance. The bureau may accomplish the purposes~~
38 ~~of this section in cooperation with other federal, state, or local~~
39 ~~entities, or any combination of these entities.~~

40 *SEC. 9. Section 94879 of the Education Code is repealed.*

1 ~~94879. The bureau shall conduct an outreach program to~~
2 ~~secondary school pupils as well as prospective and current private~~
3 ~~postsecondary students, to provide them with information on how~~
4 ~~to best select a private postsecondary institution, how to enter into~~
5 ~~enrollment agreements, how to make informed decisions in the~~
6 ~~private postsecondary education marketplace, and how to contact~~
7 ~~the bureau for assistance. The bureau may accomplish the purposes~~
8 ~~of this section in cooperation with other federal, state, or local~~
9 ~~entities, or any combination of these entities.~~

10 *SEC. 10. Section 94880 of the Education Code is amended to*
11 ~~read:~~

12 94880. (a) There is within the bureau a ~~14-member~~ *12-member*
13 advisory committee. ~~On or before July 1, 2015, the~~ *The* members
14 of the committee shall be appointed as follows:

15 (1) Three members, who shall have a demonstrated record of
16 advocacy on behalf of consumers, of which the director, the Senate
17 Committee on Rules, and the Speaker of the Assembly shall each
18 appoint one member.

19 (2) Two members, who shall be current or past students of
20 institutions, appointed by the director.

21 (3) Three members, who shall be representatives of institutions,
22 appointed by the director.

23 ~~(4) Two members, who shall be employers who hire students,~~
24 ~~appointed by the director.~~

25 ~~(5)~~

26 (4) One public member appointed by the Senate Committee on
27 Rules.

28 ~~(6)~~

29 (5) One public member appointed by the Speaker of the
30 Assembly.

31 ~~(7)~~

32 (6) Two nonvoting, ex officio members as follows:

33 (A) The chair of ~~the a~~ policy committee of the Assembly with
34 jurisdiction over legislation relating to the bureau ~~or designee~~
35 appointed by the Speaker of the Assembly. *The chair may*
36 ~~designate a representative for any meeting or meetings he or she~~
37 ~~is unable to attend.~~

38 (B) The chair of ~~the a~~ policy committee of the Senate with
39 jurisdiction over legislation relating to the bureau ~~or designee~~
40 appointed by the Senate Committee on Rules. *The chair may*

1 *designate a representative for any meeting or meetings he or she*
2 *is unable to attend.*

3 (b) (1) A ~~public~~ member appointed pursuant to paragraph (2),
4 (4), or (5) of subdivision (a) shall not, either at the time of his or
5 her appointment or during his or her tenure in office, have any
6 financial interest in any organization currently or previously subject
7 to regulation by the bureau, be a close family member of an
8 employee, officer, or the director of any institution subject to
9 regulation by the bureau, or currently have, or previously have
10 had, a business relationship, in the five years preceding his or her
11 appointment, with any institution subject to regulation by the
12 bureau.

13 (2) A ~~public~~ member appointed pursuant to paragraph (2), (4),
14 or (5) of subdivision (a) shall not, within the five years immediately
15 preceding his or her appointment, have engaged in pursuits on
16 behalf of an institution or institutional accreditor or have provided
17 representation to the postsecondary educational industry or a
18 profession regulated by the bureau, if he or she is employed in the
19 industry or a member of the profession, respectively, and he or
20 she shall not engage in those pursuits or provide that representation
21 during his or her term of office.

22 (c) The advisory committee shall examine the oversight
23 functions and operational policies of the bureau and advise the
24 bureau with respect to matters relating to private postsecondary
25 education and the administration of this chapter, including annually
26 reviewing the fee schedule and the equity of the schedule relative
27 to the way institutions are structured, and the licensing and
28 enforcement provisions of this chapter. The advisory committee
29 shall make recommendations with respect to policies, practices,
30 and regulations relating to private postsecondary education, and
31 shall provide any assistance as may be requested by the bureau.

32 (d) The bureau shall actively seek input from, and consult with,
33 the advisory committee regarding the development of regulations
34 to implement this chapter prior to the adoption, amendment, or
35 repeal of its regulations, and provide the advisory committee with
36 sufficient time to review and comment on those regulations. The
37 bureau shall take into consideration and respond to all feedback
38 provided by members of the advisory committee.

1 (e) The bureau chief shall attend all advisory committee
2 meetings and shall designate staff to provide ongoing
3 administrative support to the advisory committee.

4 (f) Until January 1, 2017, the director shall personally attend,
5 and testify and answer questions at, each meeting of the advisory
6 committee.

7 (g) *The ombudsperson of the Office of Student Assistance and*
8 *Relief established in Article 20.6 (commencing with Section*
9 *94949.7), appointed pursuant to Section 94949.71, shall attend,*
10 *and testify and answer questions at, each meeting of the advisory*
11 *committee.*

12 ~~(g)~~
13 (h) The advisory committee shall have the same access to
14 records within the Department of Consumer Affairs related to the
15 operation and administration of this chapter as do members of
16 constituent boards of the department in regard to records related
17 to their functions.

18 ~~(h)~~
19 (i) Advisory committee meetings shall be subject to the
20 Bagley-Keene Open Meeting Act (Article 9 (commencing with
21 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of
22 the Government Code). Advisory committee meeting materials
23 shall be posted on the Internet. *A majority of the voting members*
24 *of the committee shall constitute a quorum for the committee's*
25 *meetings.*

26 ~~(i)~~
27 (j) The advisory committee shall meet at least quarterly and
28 shall appoint a member of the committee to represent the committee
29 for purposes of communicating with the Legislature.

30 ~~(j)~~
31 (k) The Department of Consumer Affairs shall review, and revise
32 if necessary, the department's conflicts of interest regulations to
33 ensure that each advisory committee member is required to disclose
34 conflicts of interest to the public.

35 ~~SEC. 6.~~

36 *SEC. 11.* Section 94885 of the Education Code is amended to
37 read:

38 94885. (a) The bureau shall adopt by regulation minimum
39 operating standards for an institution that shall reasonably ensure
40 that all of the following occur:

1 (1) The content of each educational program can achieve its
2 stated objective.

3 (2) The institution maintains specific written standards for
4 student admissions for each educational program and those
5 standards are related to the particular educational program.

6 (3) The facilities, instructional equipment, and materials are
7 sufficient to enable students to achieve the educational program's
8 goals.

9 (4) The institution maintains a withdrawal policy and provides
10 refunds.

11 (5) The directors, administrators, and faculty are properly
12 qualified.

13 (6) The institution is financially sound and capable of fulfilling
14 its commitments to students.

15 (7) That, upon satisfactory completion of an educational
16 program, the institution gives students a document signifying the
17 degree or diploma awarded.

18 (8) Adequate records and standard transcripts are maintained
19 and are available to students.

20 (9) The institution is maintained and operated in compliance
21 with this chapter and all other applicable ordinances and laws.

22 (b) Except as provided in Section 94885.1, an institution offering
23 a degree must satisfy one of the following requirements:

24 (1) Accreditation by an accrediting agency recognized by the
25 United States Department of Education, with the scope of that
26 accreditation covering the offering of at least one degree program
27 by the institution.

28 (2) An accreditation plan, approved by the bureau, for the
29 institution to become fully accredited within five years of the
30 bureau's issuance of a provisional approval to operate to the
31 institution. The provisional approval to operate to an unaccredited
32 degree-offering institution shall be in compliance with Section
33 94885.5.

34 ~~SEC. 7.~~

35 *SEC. 12.* Section 94885.1 of the Education Code is amended
36 to read:

37 94885.1. (a) An institution that is not accredited by an
38 accrediting agency recognized by the United States Department
39 of Education and offering at least one degree program, and that
40 has obtained an approval to operate from the bureau on or before

1 January 1, 2015, shall be required to satisfy at least one of the
2 following no later than July 1, 2015:

3 (1) Accreditation by an accrediting agency recognized by the
4 United States Department of Education, with the scope of that
5 accreditation covering the offering of at least one degree program
6 by the institution.

7 (2) Compliance with subdivision (b).

8 (b) The bureau shall identify institutions that are subject to
9 subdivision (a) and notify those institutions by February 1, 2015,
10 of the accreditation requirements pursuant to this section and that
11 the institution is required provide the following information to the
12 bureau if the institution plans to continue to offer a degree program
13 after July 1, 2015:

14 (1) An accreditation plan that, at a minimum, identifies an
15 accrediting agency recognized by the United States Department
16 of Education from which the institution will seek accreditation,
17 with the scope of that accreditation covering the offering of at least
18 one degree program, and outlines the process by which the
19 institution will achieve accreditation candidacy or pre-accreditation
20 by July 1, 2017, and full accreditation by July 1, 2020.

21 (2) Evidence of having achieved accreditation candidacy or
22 pre-accreditation by July 1, 2017.

23 (3) Evidence of having obtained full accreditation by July 1,
24 2020.

25 (4) Any additional documentation the bureau deems necessary.

26 (c) An institution that satisfies the requirements of subdivision
27 (b) shall comply with all of the following:

28 (1) Notify students seeking to enroll in the institution, in writing,
29 prior to the execution of the student's enrollment agreement, that
30 the institution's approval to offer a degree program is contingent
31 upon the institution being subsequently accredited.

32 (2) A visiting committee, empaneled by the bureau pursuant to
33 Section 94882, shall review the institution by January 1, 2017, and
34 determine if the institution is likely to achieve full accreditation
35 by July 1, 2020. If the visiting committee finds the institution
36 deficient in its accreditation plan, the bureau may prohibit the
37 institution from enrolling new students in its degree program or
38 programs, and require the execution of a teach-out plan for its
39 enrolled students.

(d) (1) The bureau ~~may~~, *shall*, upon the *timely* submission of sufficient evidence that an unaccredited institution is making strong progress toward obtaining accreditation, grant an institution's request for an extension of time, not to exceed two years, to ~~obtain pre-accreditation, accreditation candidacy, or accreditation. meet the requirements of this section.~~

(2) Evidence submitted to the bureau pursuant to paragraph (1) shall include, but is not limited to, an amended accreditation plan *adequately* identifying why pre-accreditation, accreditation candidacy, or accreditation outlined in the original plan submitted to the bureau was not achieved, *active* steps the institution is taking to comply with this section, and documentation from an accrediting agency demonstrating the institution's *likely* ability to ~~achieve pre-accreditation, accreditation candidacy, or accreditation. meet the requirements of this section.~~

(3) *The bureau may establish policies and procedures to comply with the requirements in this subdivision. Establishment of these policies and procedures are exempt from Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with Section 11370), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.*

(e) Any institution that fails to comply with the requirements of this section by the dates provided, as required, shall have its approval to operate automatically suspended on the applicable date. The bureau shall issue an order suspending the institution and that suspension shall not be lifted until the institution complies with the requirements of this section. A suspended institution shall not enroll new students in any of its degree programs, and shall execute a teach-out plan for its enrolled students.

(f) The bureau shall adopt emergency regulations for purposes of implementing this section. The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code. These emergency regulations shall become law through the regular rulemaking process within one year of the enactment of this section.

(g) This section shall remain in effect until January 1, ~~2021~~, 2023, and as of that date is repealed, unless a later enacted statute,

1 that is enacted before January 1, ~~2021~~, 2023, deletes or extends
2 that date.

3 ~~SEC. 8.~~

4 *SEC. 13.* Section 94885.5 of the Education Code is amended
5 to read:

6 94885.5. (a) If an institution that has not been accredited by
7 an accrediting agency recognized by the United States Department
8 of Education seeks to offer one or more degree programs, the
9 institution shall satisfy the following requirements in order to be
10 issued a provisional approval to operate from the bureau:

11 (1) The institution may not offer more than two degree programs
12 during the term of its provisional approval to operate.

13 (2) The institution shall submit an accreditation plan, approved
14 by the bureau, for the institution to become fully accredited within
15 five years of issuance of its provisional approval to operate. The
16 plan shall include, at a minimum, identification of an accreditation
17 agency recognized by the United States Department of Education,
18 from which the institution plans to seek accreditation, and outline
19 the process by which the institution will achieve accreditation
20 candidacy or pre-accreditation within two years, and full
21 accreditation within five years, of issuance of its provisional
22 approval.

23 (3) The institution shall submit to the bureau all additional
24 documentation the bureau deems necessary to determine if the
25 institution will become fully accredited within five years of
26 issuance of its provisional approval to operate.

27 (b) If an institution is granted a provisional approval to operate
28 pursuant to subdivision (a), the following is required:

29 (1) Students seeking to enroll in that institution shall be notified
30 in writing by the institution, prior to the execution of the student's
31 enrollment agreement, that the institution's approval to operate is
32 contingent upon it being subsequently accredited.

33 (2) Within the first two years of issuance of the provisional
34 approval, a visiting committee, empaneled by the bureau pursuant
35 to Section 94882, shall review the institution's application for
36 approval and its accreditation plan, and make a recommendation
37 to the bureau regarding the institution's progress to achieving full
38 accreditation.

39 (3) The institution shall provide evidence of accreditation
40 candidacy or pre-accreditation within two years of issuance of its

1 provisional approval, and evidence of accreditation within five
2 years of issuance of its provisional approval, with the scope of that
3 accreditation covering the offering of at least one degree program.

4 (c) An institution required to comply with this section that fails
5 to do so by the dates provided, as required, shall have its
6 provisional approval to operate automatically suspended on the
7 applicable date. The bureau shall issue an order suspending the
8 institution and that suspension shall not be lifted until the institution
9 complies with the requirements of this section. A suspended
10 institution shall not enroll new students in any of its degree
11 programs and shall execute a teach-out plan for its enrolled
12 students.

13 (d) (1) The bureau ~~may~~ shall, upon the timely submission of
14 sufficient evidence that an unaccredited institution is making strong
15 progress toward obtaining accreditation, grant an institution's
16 request for an extension of time, not to exceed two years, to ~~obtain~~
17 ~~pre-accreditation, accreditation candidacy, or accreditation pursuant~~
18 ~~to the requirements outlined in subdivision (d) of Section 94885.1.~~
19 *meet the requirements of this section.*

20 (2) *Evidence submitted to the bureau pursuant to paragraph*
21 *(1) shall include, but is not limited to, an amended accreditation*
22 *plan adequately identifying why preaccreditation, accreditation*
23 *candidacy, or accreditation outlined in the original plan submitted*
24 *to the bureau was not achieved, active steps the institution is taking*
25 *to comply with this section, and documentation from an accrediting*
26 *agency demonstrating the institution's likely ability to meet the*
27 *requirements of this section.*

28 (3) *The bureau may establish policies and procedures to comply*
29 *with the requirements in this subdivision. Establishment of these*
30 *policies and procedures are exempt from Chapter 3.5 (commencing*
31 *with Section 11340), Chapter 4 (commencing with Section 11370),*
32 *Chapter 4.5 (commencing with Section 11400), and Chapter 5*
33 *(commencing with Section 11500) of Part 1 of Division 3 of Title*
34 *2 of the Government Code.*

35 (e) An institution issued a provisional approval under this section
36 is required to comply with all other laws and regulations.

37 (f) The bureau shall adopt emergency regulations for purposes
38 of implementing this section. The adoption of these regulations
39 shall be deemed to be an emergency and necessary for the
40 immediate preservation of the public peace, health and safety, or

1 general welfare for purposes of Sections 11346.1 and 11349.6 of
2 the Government Code. These emergency regulations shall become
3 law through the regular rulemaking process within one year of the
4 enactment of this section.

5 SEC. 9. ~~Section 94899 of the Education Code is amended to~~
6 ~~read:~~

7 ~~94899. If an institution offers an educational program in a~~
8 ~~profession, occupation, trade, or career field that requires licensure,~~
9 ~~including required certification or registration, in this state, the~~
10 ~~institution shall have an educational program approval from the~~
11 ~~appropriate licensing, certifying, or registration agency to conduct~~
12 ~~that educational program in order that a student who completes~~
13 ~~the educational program, except as provided in Section 94905, is~~
14 ~~eligible to sit for any required licensure examination or meet the~~
15 ~~requirements for certification or registration.~~

16 SEC. 10. ~~Section 94905 of the Education Code is amended to~~
17 ~~read:~~

18 ~~94905. (a) During the enrollment process, an institution~~
19 ~~offering educational programs designed to lead to positions in a~~
20 ~~profession, occupation, trade, or career field requiring licensure,~~
21 ~~including required certification or registration, in this state shall~~
22 ~~exercise reasonable care to determine if the student will not be~~
23 ~~eligible to obtain licensure, including required certification or~~
24 ~~registration, in the profession, occupation, trade, or career field at~~
25 ~~the time of the student's graduation and shall provide all students~~
26 ~~enrolled in those programs with a written copy of the requirements~~
27 ~~for licensure, including required certification or registration,~~
28 ~~established by the state, including any applicable course~~
29 ~~requirements established by the state. An institution shall provide~~
30 ~~all students enrolled in these educational programs with information~~
31 ~~about voluntary certification or registration being the preferred~~
32 ~~industry practice. If the minimum course requirements of the~~
33 ~~institution exceed the minimum requirements for state licensure,~~
34 ~~as defined in Section 94848, the institution shall disclose this~~
35 ~~information, including a list of those courses that are not required~~
36 ~~for state licensure, as defined in Section 94848. The institution~~
37 ~~shall not execute an enrollment agreement with a student that is~~
38 ~~known to be ineligible for licensure, as defined in Section 94848,~~
39 ~~unless the student's stated objective is other than licensure, as~~
40 ~~defined in Section 94848.~~

~~(b) During the enrollment process, an institution may discuss internships and student jobs available to the student during the student's attendance at the institution. If the institution discusses internships and student jobs, the institution shall disclose the number of requests for internship and student job placement assistance received by the institution during the immediately preceding calendar year and the number of actual placements during that year.~~

SEC. 14. Section 94905 of the Education Code is amended to read:

94905. (a) During the enrollment process, an institution offering educational programs designed to lead to positions in a profession, occupation, trade, or career field requiring licensure in this state shall exercise reasonable care to determine if the student will not be eligible to obtain licensure in the profession, occupation, trade, or career field at the time of the student's graduation and shall provide all students enrolled in those programs with a written copy of the requirements for licensure established by the state, including any applicable course requirements established by the state. If the minimum course requirements of the institution exceed the minimum requirements for state licensure, the institution shall disclose this information, including a list of those courses that are not required for state licensure. The institution shall not execute an enrollment agreement with a student that is known to be ineligible for licensure, unless the student's stated objective is other than licensure.

(b) During the enrollment process, an institution may discuss internships and student jobs available to the student during the student's attendance at the institution. If the institution discusses internships and student jobs, the institution shall disclose the number of requests for internship and student job placement assistance received by the institution during the immediately preceding calendar year and the number of actual placements during that year.

(c) *During the enrollment process, an institution offering educational programs designed to lead to positions in a profession, occupation, trade, or career field where voluntary licensure by a government agency is available, shall provide its students seeking to enroll in those programs with a written copy of the requirements for that voluntary licensure.*

~~SEC. 11.~~

SEC. 15. Section 94909 of the Education Code is amended to read:

94909. (a) Except as provided in subdivision (d), prior to enrollment, an institution shall provide a prospective student, either in writing or electronically, with a school catalog containing, at a minimum, all of the following:

(1) The name, address, telephone number, and, if applicable, Internet Web site address of the institution.

(2) Except as specified in Article 2 (commencing with Section 94802), a statement that the institution is a private institution and that it is approved to operate by the bureau.

(3) The following statements:

(A) “Any questions a student may have regarding this catalog that have not been satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers).”

(B) “As a prospective student, you are encouraged to review this catalog prior to signing an enrollment agreement. You are also encouraged to review the School Performance Fact Sheet, which must be provided to you prior to signing an enrollment agreement.”

(C) “A student or any member of the public may file a complaint about this institution with the Bureau for Private Postsecondary Education by calling (toll-free telephone number) or by completing a complaint form, which can be obtained on the bureau’s Internet Web site (Internet Web site address).”

(4) The address or addresses where class sessions will be held.

(5) A description of the programs offered and a description of the instruction provided in each of the courses offered by the institution, the requirements for completion of each program, including required courses, any final tests or examinations, any required internships or externships, and the total number of credit hours, clock hours, or other increments required for completion.

(6) If the educational program is designed to lead to positions in a profession, occupation, trade, or career field requiring licensure in this state, a notice to that effect and a list of the requirements for eligibility for licensure.

(7) Information regarding the faculty and their qualifications.

1 (8) A detailed description of institutional policies in the
2 following areas:

3 (A) Admissions policies, including the institution's policies
4 regarding the acceptance of credits earned at other institutions or
5 through challenge examinations and achievement tests, admissions
6 requirements for ability-to-benefit students, and a list describing
7 any transfer or articulation agreements between the institution and
8 any other college or university that provides for the transfer of
9 credits earned in the program of instruction. If the institution has
10 not entered into an articulation or transfer agreement with any
11 other college or university, the institution shall disclose that fact.

12 (B) Cancellation, withdrawal, and refund policies, including an
13 explanation that the student has the right to cancel the enrollment
14 agreement and obtain a refund of charges paid through attendance
15 at the first class session, or the seventh day after enrollment,
16 whichever is later. The text shall also include a description of the
17 procedures that a student is required to follow to cancel the
18 enrollment agreement or withdraw from the institution and obtain
19 a refund consistent with the requirements of Article 13
20 (commencing with Section 94919).

21 (C) Probation and dismissal policies.

22 (D) Attendance policies.

23 (E) Leave-of-absence policies.

24 (9) The schedule of total charges for a period of attendance and
25 an estimated schedule of total charges for the entire educational
26 program.

27 (10) A statement reporting whether the institution participates
28 in federal and state financial aid programs, and if so, all consumer
29 information that is required to be disclosed to the student pursuant
30 to the applicable federal and state financial aid programs.

31 (11) A statement specifying that, if a student obtains a loan to
32 pay for an educational program, the student will have the
33 responsibility to repay the full amount of the loan plus interest,
34 less the amount of any refund, and that, if the student has received
35 federal student financial aid funds, the student is entitled to a refund
36 of the moneys not paid from federal student financial aid program
37 funds.

38 (12) A statement specifying whether the institution has a pending
39 petition in bankruptcy, is operating as a debtor in possession, has
40 filed a petition within the preceding five years, or has had a petition

1 in bankruptcy filed against it within the preceding five years that
2 resulted in reorganization under Chapter 11 of the United States
3 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

4 (13) If the institution provides placement services, a description
5 of the nature and extent of the placement services.

6 (14) A description of the student's rights and responsibilities
7 with respect to the Student Tuition Recovery Fund. This statement
8 shall specify that it is a state requirement that a student who pays
9 his or her tuition is required to pay a state-imposed assessment for
10 the Student Tuition Recovery Fund. This statement shall also
11 describe the purpose and operation of the Student Tuition Recovery
12 Fund and the requirements for filing a claim against the Student
13 Tuition Recovery Fund.

14 (15) The following statement:

15
16 “NOTICE CONCERNING TRANSFERABILITY OF
17 CREDITS AND CREDENTIALS EARNED AT OUR
18 INSTITUTION

19 The transferability of credits you earn at (name of institution)
20 is at the complete discretion of an institution to which you
21 may seek to transfer. Acceptance of the (degree, diploma, or
22 certificate) you earn in (name of educational program) is also
23 at the complete discretion of the institution to which you may
24 seek to transfer. If the (credits or degree, diploma, or
25 certificate) that you earn at this institution are not accepted at
26 the institution to which you seek to transfer, you may be
27 required to repeat some or all of your coursework at that
28 institution. For this reason you should make certain that your
29 attendance at this institution will meet your educational goals.
30 This may include contacting an institution to which you may
31 seek to transfer after attending (name of institution) to
32 determine if your (credits or degree, diploma, or certificate)
33 will transfer.”
34

35 (16) A statement specifying whether the institution, or any of
36 its degree programs, are accredited by an accrediting agency
37 recognized by the United States Department of Education. If the
38 institution is unaccredited and offers an associate, baccalaureate,
39 master's, or doctoral degree, or is accredited and offers an
40 unaccredited program for an associate, baccalaureate, master's, or

1 doctoral degree, the statement shall disclose the known limitations
2 of the degree program, including, but not limited to, all of the
3 following:

4 (A) Whether a graduate of the degree program will be eligible
5 to sit for the applicable licensure exam in California and other
6 states or become certified or registered as required for the
7 applicable profession, occupation, trade, or career field in
8 California.

9 (B) A degree program that is unaccredited or a degree from an
10 unaccredited institution is not recognized for some employment
11 positions, including, but not limited to, positions with the State of
12 California.

13 (C) That a student enrolled in an unaccredited institution is not
14 eligible for federal financial aid programs.

15 (b) If the institution has a general student brochure, the
16 institution shall provide that brochure to the prospective student
17 prior to enrollment. In addition, if the institution has a
18 program-specific student brochure for the program in which the
19 prospective student seeks to enroll, the institution shall provide
20 the program-specific student brochure to the prospective student
21 prior to enrollment.

22 (c) An institution shall provide the school catalog to any person
23 upon request. In addition, if the institution has student brochures,
24 the institution shall disclose the requested brochures to any
25 interested person upon request.

26 (d) An accredited institution is not required to provide a School
27 Performance Fact Sheet to a prospective student who is not a
28 California resident, not residing in California at the time of his or
29 her enrollment, and enrolling in an accredited distance learning
30 degree program offered by the institution, if the institution complies
31 with all federal laws, the applicable laws of the state where the
32 student is located, and other appropriate laws, including, but not
33 limited to, consumer protection and student disclosure
34 requirements.

35 ~~SEC. 12. The heading of Article 14 (commencing with Section~~
36 ~~94923) of Chapter 8 of Part 59 of Division 10 of Title 3 of the~~
37 ~~Education Code is amended to read:~~

38
39 ~~Article 14. Office of Student Assistance and Relief~~
40

1 ~~SEC. 13. Section 94922.5 is added, immediately preceding~~
2 ~~Section 94923, to the Education Code, to read:~~

3 ~~94922.5. (a) The Office of Student Assistance and Relief is~~
4 ~~hereby established in order to promote the success of students~~
5 ~~attending private postsecondary educational institutions.~~

6 ~~(b) Duties of the office include, but are not limited to, providing~~
7 ~~assistance to private postsecondary students, conducting proactive~~
8 ~~outreach to these students, administering the Student Tuition~~
9 ~~Recovery Fund, and overseeing the registration of institutions~~
10 ~~pursuant to Section 94952. The office shall serve as a primary~~
11 ~~point of contact to address the needs of private postsecondary~~
12 ~~education students.~~

13 ~~(c) The office shall establish and maintain an Internet Web site~~
14 ~~to provide information to private postsecondary students about~~
15 ~~their rights and protections available to them. The office shall~~
16 ~~provide information on its Internet Web site about free services~~
17 ~~available to private postsecondary students offered by local~~
18 ~~nonprofit community service organizations with demonstrated~~
19 ~~experience in assisting students in areas including, but not limited~~
20 ~~to, legal services and student loan matters. Each local nonprofit~~
21 ~~community service organization shall be a 501(c)(3) tax-exempt~~
22 ~~organization in good standing with the Internal Revenue Service~~
23 ~~and in compliance with all applicable laws and requirements.~~

24 ~~(d) The office shall work, in consultation with state and federal~~
25 ~~agencies, including, but not limited to, the Student Aid~~
26 ~~Commission, the Office of the Chancellor of the California~~
27 ~~Community Colleges, the Department of Veterans Affairs, the~~
28 ~~federal Consumer Financial Protection Bureau, and the United~~
29 ~~States Department of Education, to determine the extent of options~~
30 ~~and resources available to private postsecondary students and~~
31 ~~criteria that indicates what additional steps state agencies need to~~
32 ~~take to ensure the protection of the public from the closure of a~~
33 ~~private postsecondary educational institution.~~

34 ~~SEC. 14.~~

35 ~~SEC. 16. Section 94923 of the Education Code is amended to~~
36 ~~read:~~

37 ~~94923. (a) The Student Tuition Recovery Fund relieves or~~
38 ~~mitigates economic loss suffered by a student while enrolled in an~~
39 ~~institution not exempt from this article pursuant to Article 4~~
40 ~~(commencing with Section 94874), who, at the time of his or her~~

1 enrollment, was a California resident or was enrolled in a California
2 residency program, prepaid tuition, and suffered economic loss.

3 (b) (1) *The bureau shall adopt, by regulation, procedures*
4 *governing the administration and maintenance of the Student*
5 *Tuition Recovery Fund Fund. The fund shall be used to provide*
6 *awards to students who suffer economic loss.*

7 ~~The following students, and any other students deemed~~
8 ~~appropriate, are eligible for payment from the Student Tuition~~
9 ~~Recovery Fund:~~

10 (2) *The following students, and any other students deemed*
11 *appropriate, are eligible for payment from the Student Tuition*
12 *Recovery Fund:*

13 (1)

14 (A) Any student who was enrolled at an institution, at a location
15 of the institution, or in an educational program offered by the
16 institution, at the time that institution, location, or program was
17 closed or discontinued, as applicable, who did not choose to
18 participate in a teach-out plan approved by the bureau or did not
19 complete a chosen teach-out plan approved by the bureau.

20 (2)

21 (B) Any student who was enrolled at an institution or a location
22 of the institution within the 120-day period before the closure of
23 the institution or location of the institution, or who was enrolled
24 in an educational program within the 120-day period before the
25 program was discontinued, if the bureau determines there was a
26 significant decline in the quality or value of that educational
27 program during that time period. *discontinued.*

28 (3)

29 (C) Any student who was enrolled at an institution or a location
30 of the institution more than 120 days before the closure of the
31 institution or location of the institution, in an educational program
32 offered by the institution as to which the bureau determines there
33 was a significant decline in the quality or value of the program
34 more than 120 days before closure.

35 (4)

36 (D) A student who was enrolled at a California campus of a
37 Corinthian Colleges, Inc., institution or was a California student
38 enrolled in an online program offered by an out-of-state campus
39 of a Corinthian Colleges, Inc., institution, who also meets all of
40 the other eligibility requirements, if the student was enrolled as of

1 June 20, 2014, or withdrew within 120 days of that date or any
2 greater period determined by the bureau pursuant to this section.

3 ~~(5)~~

4 (E) A student to whom an institution has been ordered to pay a
5 refund by the bureau but has failed to do so.

6 ~~(6)~~

7 (F) A student to whom an institution has failed to pay or
8 reimburse loan proceeds under a federal student loan program as
9 required by law, or has failed to pay or reimburse proceeds received
10 by the institution in excess of tuition and other costs.

11 ~~(7)~~

12 (G) A student who has been awarded restitution, a refund, or
13 other monetary award by an arbitrator or court, based on a violation
14 of this chapter by an institution or representative of an institution,
15 but who has been unable to collect the award from the institution.
16 The bureau shall review the award or judgment and shall ensure
17 the amount to be paid from the fund does not exceed the student's
18 economic loss.

19 (c) Any student who is required to pay a Student Tuition
20 Recovery Fund assessment who pays tuition equal to or greater
21 than the required assessment shall be deemed to have paid the
22 required assessment, whether or not his or her enrollment
23 agreement specifies collection of the required assessment, and
24 whether or not the institution identifies any money collected from
25 the student as a Student Tuition Recovery Fund assessment.

26 (d) A student who suffers educational opportunity losses, whose
27 charges are paid by a third-party payer, is eligible for educational
28 credits under the fund.

29 (e) The bureau may seek repayment to the Student Tuition
30 Recovery Fund from an institution found in violation of the law
31 for which a student claim was paid. An institution shall not be
32 eligible to renew its approval to operate with the bureau if the
33 repayment is not made to the bureau as requested.

34 (f) For purposes of this section, "economic loss" includes, but
35 is not necessarily limited to, pecuniary loss, which is the sum of
36 the student's tuition, all other institutional charges as defined in
37 Section 94844, the cost of equipment and materials required for
38 the educational program as defined in Section 94837, interest on
39 any student loan used to pay for such charges, collection costs,
40 penalties, and any license or examination fees the student paid to

1 the institution but is unable to recover. Economic loss shall also
2 include the amount the institution collected and failed to pay to
3 third parties on behalf of the student for license fees or any other
4 purpose. Economic loss does not include Student Tuition Recovery
5 Fund assessments, unless the student is entitled to a full refund
6 under Section 94919 or 94920, room and board, supplies,
7 transportation, application fees, or nonpecuniary damages such as
8 inconvenience, aggravation, emotional distress, or punitive
9 damages. Economic loss does not include legal fees, attorney fees,
10 court costs, or arbitration fees. Nothing in this subdivision shall
11 prevent the bureau from further defining economic loss to include
12 loss of educational opportunity.

13 *(g) Any representation or agreement by a person or entity not*
14 *to collect a student loan obligation does not reduce a student's*
15 *eligibility for recovery from the Student Tuition Recovery Fund*
16 *or reduce the student's economic loss, unless the student loan*
17 *obligation is forgiven, discharged, or canceled.*

18 *(h) The bureau shall require a student seeking reimbursement*
19 *from the Student Tuition Recovery Fund to file a written application*
20 *that shall be received by the bureau no later than four years after*
21 *the date of the action that made the student eligible for recovery*
22 *from the Student Tuition Recovery Fund.*

23 SEC. 15. Section 94923.5 is added to the Education Code, to
24 read:

25 ~~94923.5. It is the intent of the Legislature to require, to the~~
26 ~~extent authorized by federal law, a private postsecondary~~
27 ~~educational institution that does not maintain a physical presence~~
28 ~~in California and offers distance education to California students~~
29 ~~to file a surety bond for the benefit of its California students who~~
30 ~~suffer economic loss.~~

31 SEC. 16. Section 94935.5 is added to the Education Code, to
32 read:

33 ~~94935.5. (a) Bureau staff who, during an inspection of an~~
34 ~~institution, detect a violation of this chapter, or regulations adopted~~
35 ~~pursuant to this chapter, that is not a minor violation, may issue~~
36 ~~the institution a citation before leaving the institution.~~

37 ~~(b) The citation may contain either or both of the following:~~

38 ~~(1) An order of abatement that may require an institution to~~
39 ~~demonstrate how future compliance with this chapter, or~~
40 ~~regulations adopted pursuant to this chapter, will be accomplished.~~

1 ~~(2) Notwithstanding Section 125.9 of the Business and~~
2 ~~Professions Code, an administrative fine not to exceed five~~
3 ~~thousand dollars (\$5,000) for each violation. Assessment of the~~
4 ~~administrative fine shall be based on all of the following~~
5 ~~considerations:~~

6 ~~(A) The nature and seriousness of the violation.~~

7 ~~(B) The persistence of the violation.~~

8 ~~(C) The good faith of the institution.~~

9 ~~(D) The history of previous violations.~~

10 ~~(E) The purposes of this chapter.~~

11 ~~(F) The potential harm to students.~~

12 ~~(e) (1) The citation shall be in writing and describe the nature~~
13 ~~of the violation and the specific provision of this chapter, or~~
14 ~~regulation adopted pursuant to this chapter, that is alleged to have~~
15 ~~been violated.~~

16 ~~(2) The citation shall inform the institution of its right to request,~~
17 ~~in writing, a hearing within 30 days of the issuance of the citation.~~

18 ~~(3) If a hearing is requested, the bureau shall select an informal~~
19 ~~hearing pursuant to Article 10 (commencing with Section~~
20 ~~11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the~~
21 ~~Government Code or a formal hearing pursuant to Chapter 5~~
22 ~~(commencing with Section 11500) of Part 1 of Division 3 of Title~~
23 ~~2 of the Government Code.~~

24 ~~(4) If a hearing is not requested, payment of the administrative~~
25 ~~fine is due 30 days from the date of service and shall not constitute~~
26 ~~an admission of the violation charged.~~

27 ~~(5) If a hearing is conducted and payment of an administrative~~
28 ~~fine is ordered, the administrative fine is due 30 days from when~~
29 ~~the final order is entered.~~

30 ~~(6) The bureau may enforce the administrative fine as if it were~~
31 ~~a money judgment pursuant to Title 9 (commencing with Section~~
32 ~~680.010) of Part 2 of the Code of Civil Procedure.~~

33 ~~(d) All administrative fines shall be deposited in the Private~~
34 ~~Postsecondary Education Administration Fund.~~

35 *SEC. 17. Section 94932 of the Education Code is amended to*
36 *read:*

37 94932. The bureau shall determine an institution's compliance
38 with the requirements of this chapter. The bureau shall have the
39 power to require reports that institutions shall file with the bureau
40 in addition to the annual report, to send staff to an institution's

1 sites, and to require documents and responses from an institution
2 to monitor compliance. When the bureau has reason to believe that
3 an institution may be out of compliance, it shall conduct an
4 investigation of the institution. If the bureau determines, after
5 completing ~~an~~ *a compliance inspection or* investigation, that an
6 institution has violated any applicable law or regulation, the bureau
7 shall take appropriate action pursuant to this article.

8 *SEC. 18. Section 94934.5 is added to the Education Code, to*
9 *read:*

10 *94934.5. (a) An institution with an approval to operate that*
11 *knows or reasonably should know that it is being investigated by*
12 *an oversight entity other than the bureau shall report that*
13 *investigation, including the nature of that investigation, to the*
14 *bureau within 30 days of the institution's first knowledge of the*
15 *investigation. An institution with an approval to operate that is*
16 *the subject of a judgment by, a regulatory action by, increased*
17 *oversight or monitoring by, or a settlement with, any oversight*
18 *entity other than the bureau shall report it to the bureau within*
19 *30 days. Failure to comply with this section may subject the*
20 *institution to an administrative citation pursuant to Section 94936.*

21 *(b) For the purposes of this section, "investigation" means any*
22 *inquiry into possible violations of any applicable laws or*
23 *accreditation standards.*

24 *(c) For the purposes of this section, "oversight entity" means*
25 *any federal government agency, government agency of any state,*
26 *or any accrediting agency.*

27 *SEC. 19. Section 94936 of the Education Code is amended to*
28 *read:*

29 *94936. (a) As a consequence of ~~an~~ *a compliance inspection**
30 *or investigation, and upon a finding that the institution has*
31 *committed a violation of this chapter or that the institution has*
32 *failed to comply with a notice to comply pursuant to Section 94935,*
33 *the bureau shall issue a citation to an institution for violation of*
34 *this chapter, or regulations adopted pursuant to this chapter.*

35 *(b) The citation may contain ~~either or both~~ *any of the following:**

36 *(1) An order of abatement that may require an institution to*
37 *demonstrate how future compliance with this chapter or regulations*
38 *adopted pursuant to this chapter will be accomplished.*

39 *(2) Notwithstanding Section 125.9 of the Business and*
40 *Professions Code, an administrative fine not to exceed five*

1 thousand dollars (\$5,000) for each violation. The bureau shall base
2 its assessment of the administrative fine on:

3 (A) The nature and seriousness of the violation.

4 (B) The persistence of the violation.

5 (C) The good faith of the institution.

6 (D) The history of previous violations.

7 (E) The purposes of this chapter.

8 (F) The potential harm to students.

9 (3) *An order to compensate students for harm, including a*
10 *refund of moneys paid to the institution by or on behalf of the*
11 *student, as determined by the bureau.*

12 (c) (1) The citation shall be in writing and describe the nature
13 of the violation and the specific provision of law or regulation that
14 is alleged to have been violated.

15 (2) The citation shall inform the institution of its right to request
16 a hearing in writing within 30 days from service of the citation.

17 (3) If a hearing is requested, the bureau shall select an informal
18 hearing pursuant to Article 10 (commencing with Section
19 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the
20 Government Code or a formal hearing pursuant to Chapter 5
21 (commencing with Section 11500) of Part 1 of Division 3 of Title
22 2 of the Government Code.

23 (4) If a hearing is not requested, payment of the administrative
24 fine is due 30 days from the date of service, and shall not constitute
25 an admission of the violation charged.

26 (5) If a hearing is conducted and payment of an administrative
27 fine is ordered, the administrative fine is due 30 days from when
28 the final order is entered.

29 (6) The bureau may enforce the administrative fine as if it were
30 a money judgment pursuant to Title 9 (commencing with Section
31 680.010) of Part 2 of the Code of Civil Procedure.

32 (d) All administrative fines shall be deposited in the Private
33 Postsecondary Education Administration Fund.

34 *SEC. 20. Section 94937 of the Education Code is amended to*
35 *read:*

36 94937. (a) As a consequence of ~~an~~ *a compliance inspection*
37 *or* investigation, and upon a finding that an institution has
38 committed a violation, the bureau may place an institution on
39 probation or may suspend or revoke an institution's approval to
40 operate for:

1 (1) Obtaining an approval to operate by fraud.

2 (2) A material violation or repeated violations of this chapter
3 or regulations adopted pursuant to this chapter that have resulted
4 in harm to students. For purposes of this paragraph, “material
5 violation” includes, but is not limited to, misrepresentation, fraud
6 in the inducement of a contract, and false or misleading claims or
7 advertising, upon which a student reasonably relied in executing
8 an enrollment agreement and that resulted in harm to the student.

9 (b) The bureau shall adopt regulations, within one year of the
10 enactment of this chapter, governing probation and suspension of
11 an approval to operate.

12 (c) The bureau may seek reimbursement pursuant to Section
13 125.3 of the Business and Professions Code.

14 (d) An institution shall not be required to pay the cost of
15 investigation to more than one agency.

16 ~~SEC. 17.~~

17 *SEC. 21.* Section 94944 of the Education Code is amended to
18 read:

19 94944. Notwithstanding any other provision of law, the bureau
20 shall cite any person, and that person shall be subject to a fine not
21 to exceed one hundred thousand dollars (\$100,000), for operating
22 an institution without proper approval to operate issued by the
23 bureau pursuant to this chapter.

24 ~~SEC. 18.~~

25 *SEC. 22.* Article 20.5 (commencing with Section 94949.5) is
26 added to Chapter 8 of Part 59 of Division 10 of Title 3 of the
27 Education Code, to read:

28
29 Article 20.5. Enforcement Monitor
30

31 94949.5. (a) (1) The director shall appoint an enforcement
32 monitor no later than March 1, 2017. The director may retain a
33 person for this position by a personal services contract. In this
34 connection, the Legislature finds, pursuant to Section 19130 of
35 the Government Code, that this is a new state function.

36 (2) The director shall supervise the enforcement monitor and
37 may terminate or dismiss him or her from this position. If the
38 monitor is terminated or dismissed, the director shall appoint a
39 replacement monitor within two months.

1 (3) The monitoring duty of the enforcement monitor shall be
2 on a continuing basis for a period of no more than two years from
3 the date of the initial enforcement monitor's appointment.

4 (b) The enforcement monitor shall monitor and evaluate the
5 bureau's enforcement efforts, with specific concentration on the
6 adequacy of bureau compliance inspections, handling and
7 processing of student complaints, and timely application of
8 sanctions or discipline imposed on institutions and persons in order
9 to protect the public.

10 (c) The enforcement monitor shall exercise no authority over
11 the bureau's management or staff; however, the bureau and its
12 staff shall cooperate with the monitor and shall provide data,
13 information, and files as requested by the monitor to perform all
14 of his or her duties.

15 (d) The director shall assist the enforcement monitor in the
16 performance of his or her duties, and the monitor shall have the
17 same investigative authority as the director.

18 (e) The director shall specify additional duties of the
19 enforcement monitor.

20 (f) (1) The enforcement monitor shall submit to the department
21 and the Legislature, in compliance with Section 9795 of the
22 Government Code, an initial written report of his or her findings
23 and conclusions no later than July 1, 2018, and a subsequent written
24 report no later than November 1, 2018. The enforcement monitor
25 shall be available to make oral reports to the department or the
26 Legislature if requested to do so. The monitor may also provide
27 additional information to either the department or the Legislature
28 at his or her discretion or at the request of either the department
29 or the Legislature. The monitor shall make his or her reports
30 available to the public or the media. The monitor shall make every
31 effort to provide the bureau with an opportunity to reply to any
32 facts, findings, issues, or conclusions made in his or her reports to
33 the department or the Legislature with which the bureau may
34 disagree.

35 (2) The enforcement monitor shall issue a final written report
36 before January 1, 2019. The final report shall include final findings
37 and conclusions on the topics addressed in the initial report
38 submitted by the monitor pursuant to paragraph (1).

39 (g) The bureau shall pay for all of the costs associated with the
40 employment of the enforcement monitor.

1 94949.6. This article shall remain in effect only until March
2 1, 2019, and as of that date is repealed, unless a later enacted
3 statute, that is enacted before March 1, 2019, deletes or extends
4 that date.

5 SEC. 23. *Article 20.6 (commencing with Section 94949.7) is*
6 *added to Chapter 8 of Part 59 of Division 10 of Title 3 of the*
7 *Education Code, to read:*

8
9 *Article 20.6. Office of Student Assistance and Relief*
10

11 94949.7. *There is hereby established within the department an*
12 *Office of Student Assistance and Relief for the purpose of*
13 *advancing and promoting the rights of prospective students, current*
14 *students, or past students of private postsecondary educational*
15 *institutions.*

16 94949.71. (a) *The duties of the office shall be vested in an*
17 *ombudsperson, who shall be appointed by, and report to, the*
18 *director. The ombudsperson shall have experience and expertise*
19 *advocating on behalf of students and consumers and shall have*
20 *knowledge in the state and federal laws governing student*
21 *protection, student financial aid and loan programs, and the*
22 *policies and practices of private postsecondary educational*
23 *institutions.*

24 (b) *For purposes of this article, the following terms have the*
25 *following meanings:*

26 (1) *“Department” means the Department of Consumer Affairs.*

27 (2) *“Office” means the Office of Student Assistance and Relief.*

28 94949.72. *Duties of the office shall include, but are not limited*
29 *to, all of the following:*

30 (a) *Conducting outreach to students and prospective students*
31 *to provide them with, among other information, information on*
32 *making an informed decision regarding the selection of a*
33 *postsecondary educational institution, student rights regarding*
34 *school performance disclosures, enrollment agreements, and*
35 *cancellation and refund policies, how to contact the office and the*
36 *bureau for assistance, student loan rights and assistance, and free*
37 *nonprofit community based resources.*

38 (b) *Coordinating with the bureau and facilitating resolution of*
39 *student concerns related to the bureau’s performance of its*
40 *responsibilities, including concerns that arise related to the*

1 bureau's handling of a complaint or its administration of the
2 Student Tuition Recovery Fund established in Article 14
3 (commencing with Section 94923).

4 (c) Coordinating with the department, including the bureau,
5 regarding an Internet Web site that provides information to
6 students about the rights and protections available to them. The
7 Internet Web site shall include information about relevant services
8 available from other governmental organizations and local
9 nonprofit community service organizations.

10 (d) Serving as a primary point of contact to address the needs
11 of private postsecondary education students and working in
12 consultation with state and federal agencies, including, but not
13 limited to, the Student Aid Commission, the Office of the Chancellor
14 of the California Community Colleges, the Department of Veterans
15 Affairs, the federal Consumer Financial Protection Bureau, and
16 the United States Department of Education.

17 (e) Providing outreach and coordinating services for students
18 following the unlawful closure of an institution that was approved
19 to operate by the bureau.

20 94949.73. (a) A pilot program is hereby created to provide
21 grant funds in accordance with this section to eligible nonprofit
22 community service organizations to assist eligible students by
23 relieving or mitigating the economic and educational opportunity
24 loss incurred by those students who attended a Corinthian
25 Colleges, Inc. institution.

26 (b) (1) The terms and conditions of the grant agreements shall
27 ensure that grant funds are used for the exclusive purpose of
28 providing outreach and assistance to eligible students with federal
29 and private loan discharges, recovery through the Student Tuition
30 Recovery Fund established in Article 14 (commencing with Section
31 94923), and other financial aid relief.

32 (2) Services provided by eligible nonprofit community service
33 organizations shall include, but are not to be limited to, outreach
34 and education, screening requests for assistance, referring students
35 for additional assistance through pro bono referral programs,
36 referring students to the bureau, as appropriate, and other services
37 related to obtaining financial aid relief for students.

38 (3) This subdivision is not intended to prohibit a nonprofit
39 community service organization from using grant funds to screen

1 *student requests for assistance in order to determine if a student*
2 *meets assistance eligibility requirements.*

3 *(c) For purposes of this section, an “eligible nonprofit*
4 *community service organization” is an organization that satisfies*
5 *all of the following conditions:*

6 *(1) The organization is a 501(c)(3) tax-exempt organization in*
7 *good standing with the federal Internal Revenue Service and in*
8 *compliance with all applicable laws and requirements.*

9 *(2) The organization demonstrates expertise in providing*
10 *outreach and assisting students with, and currently provides free*
11 *direct services to students for, student loan discharge and*
12 *forgiveness, and student tuition recovery-related matters.*

13 *(3) The organization does not charge students for any services,*
14 *including services provided pursuant to this section.*

15 *(d) For purposes of this section, an “eligible student” is a*
16 *student who was enrolled at a California campus of, or a California*
17 *student who was enrolled in an online campus of, a Corinthian*
18 *Colleges, Inc. institution, and who has been screened by the*
19 *nonprofit community service organization and determined to be*
20 *eligible for debt relief from the United States Department of*
21 *Education or other student financial aid relief.*

22 *(e) (1) By March 1, 2017, the office shall solicit grant*
23 *applications from eligible nonprofit community service*
24 *organizations, select one or more of these organizations from*
25 *among the applicants who are deemed to be qualified, set*
26 *additional terms and conditions of the grants as necessary to fulfill*
27 *the requirements of this section, and notify the recipient*
28 *organization or organizations of the selection and the share of*
29 *grant funds available that the organization shall receive.*

30 *(2) The office shall award the full amount of authorized grant*
31 *funds, unless it does not receive a sufficient number of applications*
32 *from eligible nonprofit community service organizations or it has*
33 *good cause to determine that an expenditure of the full amount*
34 *authorized is not necessary. If the office determines expenditure*
35 *of the full amount is not necessary, it shall provide a detailed*
36 *explanation of its determination to the Legislature.*

37 *(3) In selecting the grantees and awarding funds to each*
38 *grantee, the office shall ensure geographical distribution according*
39 *to the location of eligible students, as best can be determined.*

1 (f) (1) Within 30 days of selection, an eligible nonprofit
2 community service organization that receives funds pursuant to
3 this section shall enter into a grant agreement with the office and
4 shall use grant funds exclusively for the purposes set forth in this
5 section and in accordance with the agreement.

6 (2) Any unused funds by the grantees shall be returned to the
7 office, except that, upon the approval of the office, an eligible
8 nonprofit community service organization may expend funds to
9 provide assistance to students who attended an institution that
10 closed unlawfully and was approved to operate by the bureau.

11 (3) The office may terminate the grant agreement for material
12 breach, and may require repayment of funds provided to the
13 nonprofit community service organization during the time that the
14 agreement was being materially breached. However, the office
15 shall provide the grantee with written notice of the breach and a
16 reasonable opportunity of not less than 30 days to resolve the
17 breach.

18 (g) An eligible nonprofit community service organization that
19 receives a grant shall give priority to students who were enrolled
20 in Corinthian Colleges, Inc., and are eligible for a federal closed
21 school loan discharge or relief under the Student Tuition Recovery
22 Fund established in Article 14 (commencing with Section 94923),
23 if demand exceeds available grant funds. The organization may
24 give priority to low-income students or may provide assistance
25 regardless of student income level.

26 (h) (1) An eligible nonprofit community service organization
27 that receives a grant shall report to the office quarterly through
28 the grant period on all of the following:

29 (A) The number of eligible students served pursuant to the grant
30 agreement.

31 (B) A detailed summary of services provided to those students,
32 as follows:

33 (i) The number of Student Tuition Recovery Fund claims referred
34 or submitted to the bureau by the organization. To the degree the
35 organization has access to the following information, the report
36 shall include, of the claims submitted, the number that are pending,
37 on appeal, or have been approved or denied; for the claims that
38 have been approved or denied, the amount of student loans
39 canceled, the total of student loans paid off, the total amount of

1 cash reimbursed to students, and the total amount of educational
2 credit granted.

3 (ii) The number of federal loan forgiveness claims submitted.
4 Of the claims submitted, the number of those claims that are
5 pending, on appeal, or have been approved or denied. For claims
6 submitted by the organization on behalf of the student, the
7 organization shall also report the estimated total in student loans
8 canceled and the total amount of funds refunded to students.

9 (iii) The number of students helped with private student loans,
10 other than through Student Tuition Recovery Fund claims, and a
11 summary of assistance provided.

12 (iv) The number of students whom the organization helped
13 obtain income-dependent repayment plans on their federal loans,
14 and of those students, the number of students helped out of default
15 on the federal loans through consolidation or rehabilitation.

16 (v) The number of students screened by the nonprofit community
17 service organization who were determined ineligible for assistance
18 with debt relief pursuant to subdivision (d), a summary of reasons
19 for ineligibility, and a summary of any services or referral
20 information provided to those students.

21 (vi) Any other information that is deemed reasonably necessary.

22 (2) The office shall make the reports submitted pursuant to
23 paragraph (1) available to the Legislature and the department
24 upon request.

25 (3) The office shall provide the Legislature and the department
26 a final report summarizing the information submitted pursuant to
27 paragraph (1) promptly following the time when all funds are
28 expended by the grantees or by January 1, 2020, whichever is
29 earlier.

30 (j) Funds shall be distributed to preapproved nonprofit
31 community service organizations as follows:

32 (1) Fifty percent shall be distributed to the grantee within 30
33 days of the grantee entering into a grant agreement.

34 (2) Twenty-five percent shall be distributed to the grantee upon
35 the submission of the grantee's second quarterly report.

36 (3) Twenty-five percent shall be distributed to the grantee upon
37 the submission of the grantee's third quarterly report.

38 (k) The adoption of any regulation pursuant to this section shall
39 be deemed to be an emergency and necessary for the immediate
40 preservation of the public health and safety, or general welfare.

1 *(l) This section shall remain in effect only until January 1, 2021,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2021, deletes or extends that date.*

4 SEC. 24. *The sum of one million three hundred thousand*
5 *dollars (\$1,300,000) is appropriated from the Student Tuition*
6 *Recovery Fund to the Office of Student Assistance and Relief, as*
7 *established in Section 94949.7 of the Education Code, for the*
8 *purposes of providing grants pursuant to the pilot program*
9 *established in Section 94949.73 of the Education Code.*

10 ~~SEC. 19. Chapter 8.1 (commencing with Section 94952) is~~
11 ~~added to Part 59 of Division 10 of Title 3 of the Education Code,~~
12 ~~to read:~~

13
14 ~~CHAPTER 8.1. PRIVATE POSTSECONDARY EDUCATION OFFERED~~
15 ~~THROUGH DISTANCE LEARNING~~

16
17 ~~94952. To the extent authorized by federal law, a private~~
18 ~~postsecondary educational institution that does not maintain a~~
19 ~~physical presence in California and offers distance education to~~
20 ~~California students shall register with the bureau and file a surety~~
21 ~~bond in compliance with Section 94923.5.~~